Confusion due to Press Note

1774. SHRI SANTOSH BAGRODIA:
DR. AKHILESH DAS:

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the details of Press Note 18 about guidelines pertaining to approval of foreign technical collaboration issued by his Ministry on 14th December, 1998;

(b) whether it has created any confusion in the business world; and

(c) if so, whether Government plan to clarify the situation?

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI KAMAL NATH): (a) Press Note 18 (1998 series) issued on 14.12.1998 contains the guidelines pertaining to approval of foreign/technical collaborations under the automatic route with previous ventures/tie-up in India. According to these guidelines, foreign financial/technical collaborators who have or had any previous joint ventures or technology transfer/trade-mark agreement in India require prior Government approval to set up a new venture/enter into new technology transfer agreement (including trademark) in the same or allied field.

While seeking approval of the Government, such investors/technology suppliers have to provide requisite justification that the new proposal would not in any way jeopardize the interests of the existing joint venture or technology/trade-mark partner or other stakeholders. The provisions of the Press Note do not apply to Mining and Information Technology sectors and investment made by international financial institutions such as Asian Development Bank (ADB), International Finance Corporation (IFC), Commonwealth Development Corporation (CDC) etc.

(b) and (c) The guidelines prescribed by Press Note 18 (1998 series) require that prior approval of the Government be obtained in the cases covered under Press Note 18 (1998 series). There is no ambiguity in the guidelines.